

ORIGINAL ARTICLES

Role of Microcredit Programme to the Socio-economic Development and Poverty Alleviation among Rural Women in Bangladesh

¹Ferdoushi Ahmed and ²Chamhuri Siwar and ³Nor Aini Hj. Idris

¹*Institute for Environment and Development (LESTARI), Universiti Kebangsaan Malaysia, 43600, UKM, Bangi, Selangor D. E., Malaysia.*

²*Institute for Environment and Development (LESTARI), Universiti Kebangsaan Malaysia, 43600, UKM, Bangi, Selangor D.E., Malaysia.*

³*Faculty of Economics and Management Universiti Kebangsaan Malaysia, 43600, UKM, Bangi, Selangor D.E., Malaysia.*

ABSTRACT

Rural women in Bangladesh have a lower socio-economic status compared to men though they often contribute significantly to their families. They have very limited access to income generating as well as social activities due to number of social, cultural and religious barriers. Participation of rural women in decision making regarding family matters is very low. Thus microcredit programme is intended for improving the socio-economic status of rural women in Bangladesh. It also contributes to empowerment and awareness rising of rural women in Bangladesh. In the present study, an attempt has been made to discuss the relationship between microcredit, income generating activities, awareness and women empowerment. It also highlights to review the existing evidence on the role of microcredit programme in developing socio economic status as well as poverty alleviation. It is concluded that with credit rural women have improved their socio-economic status and income generating activities by participating microcredit programmes of Grameen Bank.

Key words:

Introduction

Bangladesh is one of the least developing countries in the world. With an area of 147,570 square kilometers, its total population is 140.6 million of which 72.0 million are male and 68.6 million are female. The overall male-female ratio is 106:100 (BBS, 2006a). Almost 80% people live in rural areas (BBS, 2006a). Women are almost half of the total population of this country (BBS, 2006a). Unfortunately, they have for long remained economically unproductive, or in other words, their contribution in Gross National Product (GNP) remained unacknowledged for a long time. A country can never attain economic sustainability, if it keeps half of its work force unemployed or unproductive. The rural women in Bangladesh do have the potential and in fact, perform various economic activities such as; harvesting, weeding, winnowing, parboiling, processing of agricultural products, storage activities, taking care of poultry and livestock etc. Women also grow fruits and vegetables for family consumption and they supplement family's nutrition and income through raising kitchen garden and working in cottage industries. No doubt, the contribution of women to their families is very significant and is not necessarily less than that of the male counterpart of the family.

Rural women in Bangladesh have long been left an unrecognized contributor to agricultural, handicrafts and economic productivity. Gender inequality existed in work place is due to mainly social system, local customs, religious influence and economic barrier. The status of women which is an important factor of the socio-economic development of a country cannot be fully realized if they enjoy a subordinate position to men, and their talents remain unexplored. In a society where women are mainly concerned with the domestic affairs and raising children, not only the economic development of that society would be retarded but also its fertility

Corresponding Author: Ferdoushi Ahmed Institute for Environment and Development (LESTARI), Universiti Kebangsaan Malaysia, 43600, UKM, Bangi, Selangor D. E., Malaysia.
Tel: +60143626210; Fax: +603-89255104
E-mail: ferdoushi03@yahoo.com

would also be high. In Bangladesh, women were generally considered as passive beneficiaries rather than active contributors in the rural development programmes taken by various governments in the past decades. In addition to this, their under representation in strategic positions is also responsible for lack of organization to voice their concern. Therefore, rural women have remained at the periphery of development process. Participation in economic development through economic activities should be the right of all men and women, because discrimination against women is incompatible with human dignity and the welfare of the family and of society. Bangladeshi women are not accorded equal status with men, and that compared to men, women have very limited access in the most spheres of economic and social activities. In this circumstance, microcredit programmes provide small loans to the very poor in order to undertake self-employment and other financial and business activities giving them the ability to care for themselves and their families and thus, achieve a level of independence.

The present study was carried out to discuss the relationship between microcredit, income generating activities, awareness and women empowerment. The study also focuses to review the existing evidence on the role of microcredit programme in developing socio-economic status as well as poverty alleviation.

Social Barriers of Rural Women:

The situation of rural women in Bangladesh presents a dismal picture. Women in rural villages experience numerous socio-economic discriminations and inequalities from the very beginning of their lives. They suffer not only from abject poverty they live in but also the gender disparity prevalent in the society. The idea that women are inferior to men is stressed from the very moment a child is born and supported by behavior patterns prescribed for girls and women. In the villages, when a baby girl is born, the event is rarely celebrated by her parents and relatives, unless she happens to be the first daughter after several surviving sons. Usually, no Azan (call for prayer) is given following the birth of a daughter but this is invariably given in the case of a male birth. Since infancy, a girl child often has unequal access to nutrition, health care and education. Parents in remote rural areas of Bangladesh do not tend to invest in the education of their girls. Table 1 represents a comparative picture of literacy of women and men in Bangladesh. After 4 to 5 years of formal education, most girls drop out from the school. The situation is worse for women in higher and technical education and the female drop-out rate is much higher than that of the male students (Khan, 1983)

Table 1: Comparative picture of literacy of women and men in Bangladesh.

Particulars	Female	Male
Literacy rate according to 2001 census ¹	40.8%	49.6%
Ratio of female to male enrollment in primary education ²	1	3
Ratio of female to male enrollment in secondary education ²	1	4
Ratio of female to male enrollment in higher education ²	1	26
Drop-out rate at primary school ³	71%	59%

Source: ¹BBS, 2006b; ²Khan, 1983; ³Chaudhury and Nilufer, 1980

The lower literacy rate among the rural women in Bangladesh is due to the fact that they are less likely to produce economic returns. Women are not expected to contribute to the family income and to support their parents in old age. Because a girl moves out to live with her husband's family on marriage and in a patrilocal system she is not expected to help her parent's family. Other reasons include early marriage of a girl and social pecculation. Only a few villages have high schools for girls; village society does not approve co-education in high schools, and therefore girls tend to drop out. The poor educational achievement of the girls may be attributed to the prevailing 'purdah' system in the country and relatively low economic value of female children.

Traditionally, women in Bangladesh have lower status, as compared to men in every sphere of socio-economic and political life. Rural women have very limited access in economic and social activities. This is mainly due to the traditional socio-economic backwardness and deep rooted socio-cultural norms. At work place, women are paid less than men and they also have limited opportunities to participate in income generating activities in a modern sense. For example, most women in the rural areas are not allowed to buy or sell goods in the haats and bazars (village markets). Although women are not usually in control of their profits, their contribution to the products sold may serve to increase their household status and earn the respect of their husbands and his family (Jennifer Morris, 2003). In contrast, there is a social preference for early marriage of women, and the consequent early age at first pregnancy increases the risk to their health. In Bangladesh, gender inequality, economic dependence of women on their husbands and the patriarchal system reinforce each other to perpetuate and promote violence against women (Khan, M E. *et al.* 2002).

Microcredit programme can increase women's income generating activities, awareness and women empowerment. There is a relationship between microcredit programme and socio-economic development in rural

women. The next section will discuss on the role of micro credit in developing socio economic status as well as poverty alleviation.

Microcredit has increasingly been used as a strategy for poverty alleviation and women's empowerment (Bernasek, 2003; Bhatt, 2001; Khandker *et al.* 1998; Leach & Sitaram, 2002). It also includes activities which generate income as well as increase awareness and women empowerment. These activities ultimately impact on poverty alleviation through socio-economic development. Socio-economic development is a cause of poverty alleviation as well as an effect. From the review of literature, this study has shown a framework of the linkages between microcredit programme and poverty alleviation.

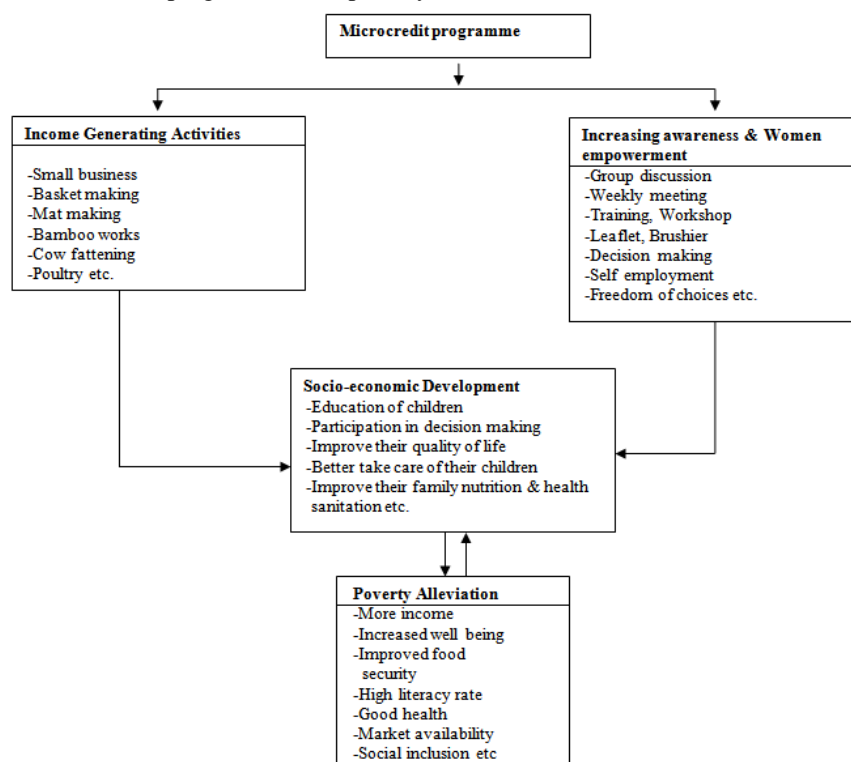


Fig. 1: Microcredit Programme to Poverty Alleviation.

Income Generating Activities:

Microcredit programme provide loan facilities to the poor and unemployed people for income generating and self-employment activities. In this way, micro credit can make all the difference for a poor woman and her family. The provision of the programme is to provide small loan (about US\$ 20 to US\$ 100) to support micro-enterprises like poultry, livestock rearing, verities small shops, tea stalls, handicrafts, handloom, transport van and small scale agriculture. The main aim is to introduce the poor and unemployed people to small income producing activities.

As a result, the poor people involve in direct dealing of business and financial activities over time, become able to care for themselves and their families and thus, achieve a level of independence. With the loan facilities provided by MFIs, the borrowers in all over the Bangladesh are operating own small business, manufacturing various types of goods, and selling them in domestic as well as international markets. Rural women accomplish various productive activities such as livestock and poultry rearing, and fish culture. They also operate various small and profitable businesses, for example, grocery shops, basket making, mat making, bamboo works and tailors in rural areas. Therefore, micro credit program has a beneficial effect on household welfare by increasing women's income contribution to the household.

Awareness & Women Empowerment:

Microcredit also contributes notably to capacity building, awareness raising and empowerment of rural women. Microcredit programmes provide small loans to the poor women in order to undertake self-employment activities. With the funds provided by credit programs, women engage themselves in various income generating

activities and become able to contribute to family incomes. By channeling an important resource (income) to families, women strengthen their status and perceived worth within their households, increase their influence and bargaining power. The ritualistic features of the programs give women a sense of identity as a member of an institution. The frequent interaction with program staff and other members exposes women to new ideas and increases their self confidence (Hashemi, Schuler and Riley, 1996). The credit programmes appears to offer women a potential means to improve their social position. Group discussion, meetings, training and workshop create a social space for women to gather and discuss their development problems on a regular basis. This represents a positive step towards increasing women's mobility and networking potential. Although because of their heavy workloads it may sometimes be troublesome for women to attend weekly meetings, nevertheless women make an effort to arrive at meetings early in order to interact with each other. By encouraging savings and investment, as well as providing skilled training and awareness rising, credit programmes seeks to build the capacity of women to engage in productive enterprises. Not only does this provide the potential for women to contribute directly to household finances but in doing so it can enhance their status within the household. Microcredit can also be commended for providing training on gender issues to a number of staff, and anecdotal evidence suggests that it has been successful in encouraging members to enroll their daughters at school. Bayes (2005) found that microcredit programmes to women also raise their prestige and status in the eyes of their husbands and of their local community. Microcredit helps rural poor women to become economically independent, contribute to family income and decision making and exercise more control over their family.

Socio-economic Development:

Microcredit contributes significantly to the socio-economic development of the rural poor women in Bangladesh. World Bank (1999) conducted a survey among 675 microcredit borrowers in Bangladesh for the mid-term review of the Poverty Alleviation and Microfinance Project. The survey found that microcredit brought a positive change in the economic and social status of the surveyed borrowers. The study revealed that income has increased for 98% of borrowers; 89% of the borrowers have accumulated new assets and 29% of borrowers have purchased new lands either for homestead or for agriculture; food intake, clothing and housing conditions have improved for 89%, 88% and 75% borrowers respectively; sanitation conditions have improved for 69% of borrowers; and child education has improved for 75% of borrowers. Microcredit has accomplished these improvements through increasing the level of self-employment of women and contributed a lot to improve the socioeconomic status of the rural women. Roughly five million rural women (from perhaps as many as half of all landless rural poor households) in Bangladesh are involved in micro credit programs (Schuler, *et al.* 1997). The involvement of rural women with microcredit programme over time reduces their economic dependence on men, strengthen their positions within their families, draw them into the public sphere, and expose them to new ideas (Hashemi, Schuler and Riley, 1996). As long as women are engaged in income producing activities, it may decrease their demand for children, increase demand for family planning services, and reduce the social costs of fertility regulation for women. Therefore, microcredit program, in the long run, impacts on socio-economic development of rural women.

Poverty Alleviation:

Over last two decades, micro credit became an important tool for alleviating poverty in Bangladesh (Khandker and Chowdhury 1996). By using the loans provided by numerous MFIs, rural women engage themselves successfully in various productive activities to earn money. The additional money earned by women increases household's disposable income that improves the consumption patterns and lifestyles of the rural families (Hossain *et al.* 1992; Navajas, *et al.* 2000). It increases economic well-being of the poor families as well as improves food security and nutrition status which ultimately contribute to good health. When the borrower families enjoy the financial solvency, they tend to invest higher in education for their children. As a result, literacy rate becomes higher. Another thing is that the borrowers produce new items of goods and services with the existing items and sell them in the local markets. It helps to create new product markets and increase the availability of goods and services. Therefore, microcredit programme has significant impact on promoting income generation activities and consequently poverty alleviation of rural women.

It is clear from the above discussion that microcredit plays a major role to the rural poor women to undertake income generating activities, create awareness, increase empowerment, and to develop their socioeconomic status which jointly contribute to alleviate poverty of the rural poor households.

Conclusion:

From the above discussions, it can be concluded that microcredit programme is an important part to the economic well being of the rural poor women. It is not only to improve their economic situations, but also a highly empowerment one. Microcredit is closely related to a number of issues such as enhance income, raise awareness, women empowerment and other socio-economic factors. It is also concluded that providing small loans is considered one of the most effective tools in poverty reduction. However, supply of credit is increasingly being looked upon as a significant contribution to upgrading quality of life of the rural women. Therefore, microcredit is an important instrument in assisting the rural poor to improve their social position as well as poverty alleviation.

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